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## United States Senate

COMMITTEE ON COMMERCE, SCIENCE,  
AND TRANSPORTATION

WASHINGTON, DC 20510-8125

May 15, 2003

The Honorable Michael K. Powell  
Chairman  
Federal Communications Commission  
445 12<sup>th</sup> Street, S.W.  
Washington, D.C. 20554

Dear Chairman Powell:

We are writing to request that the Commission expedite consideration of the "dial around" rate petitions filed by independent and regional bell-operating-company payphone service providers.


Section 276 of the Telecommunications Act of 1996 established the twin goals of promoting competition among payphone service providers and promoting the widespread deployment of payphone services. Since adoption of the 1996 Act, the average rate for coin calls has increased from 35 cents to 50 cents, while the "dial around" rate charged for credit card, "800" and other non-coin calls has fallen to 24 cents. The number of payphones has declined from a high of 2.2 million in 1998 to about 1.8 million today, with a decline in the last few years of about 140,000 a year. While this decline is attributable in part to increased use of cellular phones, it is also the result of restrictions on the amount that can be charged for "dial around" service. Today payphones with usage as high as 250, 300 or even 350 calls per month are removed from service as unprofitable.

Payphones remain an important lifeline service. Fifty-five percent of Americans do not own wireless phones. And of course, wireless phones are forgotten, their batteries go dead, and they are too often useless in areas with poor reception. It is not in the public interest for payphones with high usage to be forced out of service because of inadequate cost recovery. This is especially true because the rates charged by the companies issuing calling cards, and providing "toll free" service, is deregulated; there is no reason to believe that cost savings produced by the dial around formula are passed on to consumers.

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We strongly urge the Commission to assure that prompt action is taken on the pending "dial around" petitions.

Sincerely,



Ernest F. Hollings



Conrad Burns